

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Maddox Analyst: Darrine Distefano Bill Number: AB 1766

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 05-03-2000

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** Exclusion/Earnings Received by Members of the California National Guard

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced 01-19-2000.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO Support.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED 01-19-2000 STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would exclude from gross income any compensation received by an individual for services as a member of the California National Guard, State Military Reserve, or Naval Militia, including compensation received as a federal military technician. For purposes of this bill, compensation does not include pension or retired pay.

### SUMMARY OF AMENDMENT

The May 3, 2000, amendments deleted the bill's prior language that would have excluded from gross income earnings by an individual for active service as a member of the California National Guard and inserted the provision discussed in this analysis.

Except for the amendment described above pertaining to the partial resolution of the State Military Reserve and the Naval Militia policy considerations and the resolution of the implementation consideration relating to definition of earnings, the remainder of the department's analysis of the bill as introduced January 19, 2000, still applies.

The amendment broadens the exclusion to include "compensation for services," including compensation received by a member of the California National Guard, State Military Reserve, or Naval Militia, for services as a federal military technician. Compensation received by federal military technicians who are not members of the National Guard, State Military Reserve, or Naval Militia of California would not be excluded. In addition, the amendment broadens the exclusion to compensation received for services as a member rather than compensation for active service as a member. Consequently, compensation received for any service as a member such as compensation for inactive duty training (weekend drills) would be excluded from gross income.

### Board Position:

<u>X</u> S	<u>      </u> NA	<u>      </u> NP
<u>      </u> SA	<u>      </u> O	<u>      </u> NAR
<u>      </u> N	<u>      </u> OUA	<u>      </u> PENDING

### Legislative Director

### Date

Johnnie Lou Rosas

5/15/00

Tax Revenue Discussion

Given the lack of definition for the term "earnings" in the original version of the bill, the department's prior revenue analysis used data from the California Military Department regarding gross income payments to members of the California National Guard, which included both active and inactive duties. The addition of the State Military Reserve or Naval Militia does not impact the revenue, as these two organizations are not currently manned.

The original revenue analysis of the bill as introduced January 19, 2000, still applies.

BOARD POSITION

Support. At its March 27, 2000 meeting, the Franchise Tax Board voted 2-0 in support of this bill, with Member B. Timothy Gage abstaining.